

# PRESS RELEASE

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## For Immediate Release

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## **NH Attorney General and NH Insurance Commissioner want NH Consumers to Make Informed Decisions when Purchasing Extended Warranties**

**Concord, NH – May 21, 2007** - Insurance Commissioner Roger A. Sevigny and Attorney General Kelly Ayotte want New Hampshire consumers to make informed decisions when purchasing extended warranties.

Extended warranties offer additional protection for consumer goods in exchange for an extra fee. Companies offering extended warranties, other than insurance companies, are required to register with the Insurance Department. In order to register, a company must demonstrate its financial soundness to the Insurance Commissioner. Before buying an extended warranty, consumers should check with the Insurance Department to ensure that the company is registered. "Consumers should never do business with an unregistered warranty company," warns Commissioner Sevigny. Consumers can call the Department's toll free Consumer Hotline at 1-800-852-3416 to verify a company's registration.

Consumers should be aware that obtaining an extended warranty is not required when making a purchase. In determining whether an extended warranty is the right choice, consumers must consider whether the price of the extended warranty is reasonable. Consumers should evaluate whether the cost of the warranty is actually more expensive than the cost of anticipated repairs, and whether their money is better spent on preventative maintenance for the product.

Another factor to evaluate is whether the extended warranty coverage overlaps with the manufacturer's warranty coverage, which is free. Commissioner Sevigny explains that, "A two year extended warranty may really only provide you with one year of coverage, since the first year was free anyway under the manufacturer's warranty." Consumers should check to make sure they are not paying extra for coverage that they actually already have.

Extended warranties do not need to be purchased directly from the dealer. "You should consider whether you can get a better deal directly from a warranty company," explains Commissioner Sevigny. Again, these companies must be registered with the Insurance Department to lawfully conduct business in New Hampshire.

Under New Hampshire law, any extended warranty contract must clearly identify any limitations, exclusions, deductibles and obligations of the consumer. Consumers should make sure they are satisfied with the terms and conditions of the warranty before buying.

Consumers must also consider whether they are willing to undertake any required obligations under the contract. For example, a contract may provide that the consumer must change the car's oil every 3000 miles in order to qualify for coverage on any engine parts. "Are you prepared to change your oil as directed, and keep the receipts?" asks Commissioner Sevigny. "If not, this warranty may not be the right choice for you."

Commissioner Sevigny explains that, "A common mistake is that consumers rely on the salesperson's representation of what the warranty covers. You must take the time to actually read the contract language and make sure you understand and are comfortable with the terms and conditions."

Furthermore, the contract must list any conditions relative to the transferability, cancellation, and termination of the extended warranty. This can be important if a consumer sells the product before the warranty expires. Again, the contract terms will determine whether the consumer can transfer the warranty to the new owner and whether the consumer can receive a refund of the unused portion of the warranty.

Once a consumer decides to purchase a warranty, the consumer should ensure that the dealer forwards the payment to the warranty company. Attorney General Ayotte warns that some unscrupulous dealers will pocket the money, leaving consumers to fend for themselves when the product breaks down. "In order to protect themselves, consumers need to contact the extended warranty company directly to confirm that the money was received," Attorney General Ayotte explains. "Consumers shouldn't wait until they run into a problem before making such a call. If the money hasn't been received by the warranty company, there is likely no coverage and the protection the consumer has paid for won't exist."

Consumers who find their warranty money has not been given to the warranty company by a dealer, or who have other complaints regarding extended warranties, should file a complaint with the NH Insurance Department by visiting [www.nh.gov/insurance](http://www.nh.gov/insurance) or by calling the Department's toll free Consumer Hotline at 1-800-852-3416.

#### **ABOUT THE NH INSURANCE DEPARTMENT**

**The first insurance regulator in the US, the NH Insurance Department was created in 1851 and charged with enforcing and administering New Hampshire's insurance laws. The department, an agency of the executive branch of New Hampshire state government, conducts safety and soundness and market conduct examinations of licensees, licenses insurance companies and insurance producers, reviews premium rates and policy forms, provides assistance, information and referral services to New Hampshire insurance consumers, and administers the filing and collection of New Hampshire's insurance premium tax. For more information, visit the Insurance Department's web site at: [www.nh.gov/insurance](http://www.nh.gov/insurance).**